Reality Check

Enlightenment!

Fishin' for ideas on a Minnesota lake

By Dick Lee

Had one of those "pull the light socket chain" type thoughts the other day. And gosh darned if there wasn't a bulb in the socket. Yup. Was out fishin' in our lake. Sitting up in the bow pedestal seat of my bass boat. No match for Dubya's, no doubt, more Minnesota modest. Still, that high seat on that cute little casting platform still gets you way up over whatever's around you—hopefully water. Anyway, fishin' was real good. I was hauling in one bucket mouth after another ("bucket mouth" is fishin' lingo for "largemouth bass"). But my mind was somewhere else.

Yessiree, I was just sitting up there thinking about the eerie similarity between CRM and Six Sigma. "Come on," you say, "leave it alone for five minutes and have some fun." But this is important stuff to think about, because more and more folks are trying to link the two together and understand the potential synergies. This is a *big deal*.

Now, for those of you unfamiliar with Six Sigma, it's the hot new management philosophy that's supposed to add oodles to the bottom line. Started with Motorola, Allied Signal and Polaroid. Then GE got hold of it and made Six Sigma a religious experience. Then other companies started picking it up it up. Great. But think, where's Motorola's business today? In the dumps. Where's Allied Signal? They bought Honeywell and hid behind the Honeywell name. Wonder why. Where's Polaroid? Racing Motorola into the pits. Yeah, GE's good, but wouldn't GE be good anyway? You get the sense that something's not working as advertised? Like something else not working as advertised?

Interesting thought. Interesting enough to start casting for answers while I was casting for line sides ("line sides" is fishin' lingo for "bucket mouth"). So I started thinking about the way Six Sigma is *supposed* to work.

You start with the customer. Figure out what customers want and how to make 'em more satisfied. Then you change your workflow to maximize customer satisfaction—which shakes up the organization just a tad. Goes without saying you can't express these changes without inventing lots of new work processes 'cause you can't get where you're going by tweaking the old ones. Then you start measuring and refining. Measuring and refining. And that includes measuring customer satisfaction constantly *because that's your ultimate measure of success*. Yeah, it's all about customer satisfaction.

Because in Six Sigma doctrine you can't create value for the company without first creating value for the customer.

Well, if you're not "out fishin'" yourself, you've probably slapped your knee and exclaimed, "Uff-da, those are the first three steps for successfully implementing CRM—customer-centric planning, redesigning roles & responsibilities and re-engineering work processes. But where's step four? Who makes Six Sigma software?"

Here's where Six Sigma and CRM do part company. Six Sigma is primarily about back office operations, so measurement comes off ERP systems. That's right, we're talking about fine-tuning manufacturing, accounting, logistics, engineering, etc. to deliver maximum value to customers. And the ongoing customer component is rooted in statistical research, and we've had the software for that for eons. Step four, supporting with technology, is there. But taking this step didn't require inventing a whole new cottage industry called "Six Sigma software."

Think "part company" is an understatement, because CRM is front office and ERP is back office, and never the twain shall meet? Two problems with that.

First, we've already learned that adding value to customers via CRM invariably means moving previously back office functions to the front office. Obvious overlap between the two. In fact, several times yours truly has been accused of practicing Six Sigma, not CRM, because our recommended workflow and process changes affect back office folks as much as they affect sales, marketing and service.

Second, while CRM and Six Sigma may be discrete business initiatives designed to add value to the customer, there's only one customer, so to speak. You'd have to have the organizational brain of a bucket mouth to let front office folks find out what customers want, then shape their operations to deliver whatever that is—only to have back office folks independently repeat the same exercise. In fact, the two approaches are two sides of the same coin. They just fail to combine or even come together because front office and back office functions can't agree to come together—for the customer's sake or any other reason.

But the astonishingly intertwined roles of CRM and Six Sigma isn't the "light chain pull." The light bulb that had to be screwed in before we could see the light, yes—but not the blinding illumination. That came soon after when I got so distracted I put down my rod, shut off my handy-dandy, foot-controlled electric trolling motor and lit up a stogie. Yeah, there I was, drifting along with one hand clenching a cigar and the other on the pull chain. Then I yanked. Almost like setting the hook on a lunker greenback ("greenback" is fishing lingo for "line sides"). I should have been wearing a seat belt up there, 'cause I almost stood up and started pacing like I usually do when struck by a blinding flash of the obvious.

"Why is Six Sigma failing more often than not?" I wondered. Well, partly because it has a fatal flaw. Six Sigma relies almost exclusively on statistical measurements for direction—including customer satisfaction measurements. And in marketing terms, especially in rapidly changing conditions charged by newly empowered customers having difficulty articulating what they want next, that's driving with your eyes glued to the rear view mirror. Usually fatal when change and unpredictability put hairpin bends in the road. Of course, this is a flaw that CRM, if properly implemented alongside Six Sigma, would fix.

But the dominant reason for Six Sigma failures—which just happens to be the dominant reason today for CRM flops—is *the pervasive business mindset that won't let us put the customer first*. CRM and Six Sigma are twin victims of a common psychosis—an "us first" business culture emanating from the executive ranks that foments adversarial relations with customers. We just can't stand the thought of starting any business initiative with the customer. Instead, we pay lip service to putting the customer first, try to use either CRM or Six Sigma to save money, then proudly hold up ROI numbers based on increasing internal efficiency, not improving customer experience. Phony ROI numbers. Phony because time has arrived when we can only increase value to the company by increasing value to the customer—as true practitioners of either discipline know full well.

Hey, today's customers have choice. And choice equals power. Including the power to walk away from sellers who put their interests ahead of customers. And know what? Customers will have worlds more choice five years from now than today.

That last thought was enough to persuade me to pick up my rod again. Too late. When I finally opened my eyes and looked up, I was only two feet away from the dam. Damn.

Dick Lee is Vice President of Minneapolis-based consulting firm Caribou Lake and heads its Customer-1 practice, which specializes in helping clients achieve customer-centricity. Dick is the author of two seminal CRM books—Strategic CRM: the complete implementation manual *and* The Customer Relationship Management Survival Guide. *He also speaks internationally on CRM topics. You may reach him at dlee@cariboulake.com or visit the Caribou Lake website at www.cariboulake.com.*